

Yadkin County Board of Commissioners

Minutes of May 31, 2007
Recessed from May 21, 2007

Members present

Kim Clark Phillips- Chairman
Tommy Garner - Vice-Chairman
Chad Wagoner - Commissioner
Joel Cornelius - Commissioner
Brady Wooten - Commissioner

Others Present

Eric Williams – County Manager
Gina Brown – Clerk to the Board
Cheri Cranfill – Solid Waste Director
Sheron Church – Finance Director
Phyllis Adams – Tax Administration Director
Scarlett Huffman – Assistant to the Manager

Chairman Phillips called the recessed meeting back to order at 7:09 pm.

Manager Williams briefly updated the Board on the following:

- (1) Planning Board Meeting scheduled for 6/4/07 for Johnson Modern Electric rezoning has been changed to 8:30pm. In addition, Manager Williams read a letter from Mr. Johnson thanking the Manager and the Board for their “spirit of cooperation” and willingness to compromise.
- (2) Inter Local Agreement with Town of Yadkinville is still in draft form. Final revision will be provided at the next regular meeting. Commissioner Wooten asked for the revision by the following day, June 1. Manager Williams agreed to make it available for viewing if prepared.
- (3) Proposed Audit Agreement with Daniel Professional Group will be presented at next regular meeting. Audit Consultant, Edna Shore, is available to consult with the Board at the next regular meeting if desired. Commissioner Wooten did not believe that was necessary.

Manager Williams read a prepared Budget Message and offered further details and explanations in presenting. Message, in its entirety, follows...



YADKIN COUNTY
PROGRESS THROUGH PAST EXPERIENCE

Administrative Offices

May 31, 2007

Chairman Kim Clark
Phillips Vice Chairman
Tommy Gamer
Commissioners Joel Cornelius, Chad Wagoner, and Brady Wooten

Re: Proposed Budget Recommendations

FY '07-'08 Dear Board Members:

In accordance with the North Carolina Local Government and Fiscal Control Act I am privileged to submit for your consideration the 2007-08 Operating and Capital Budget for Yadkin County which is in balance. Let me commend the Board, as well as all of the staff, for the hard work involved in serving the citizens of Yadkin County to the best of our abilities.

In Retrospect the fiscal year which will soon end (FY 2006-07) has been one of enormous challenges, significant new beginnings and countless opportunities for progress in the years ahead. For example, just within the past six months you have:

- Reorganized the Board and made several key staffing decisions
- Improved several Board procedures and developed information which should make interaction between the Board and citizens more open and informative
 - Strengthened the County's presence in existing relationships, or started new ones (the Economic Development Council, the Regional Tourism Initiative, and PART to name just a few)
 - Interacted extensively with the NCACC and the current session of the NC General Assembly in support of County interests (permanent Medicaid relief, additional sources of funds for school construction, and opportunities to raise additional revenues without further straining our property tax base, including expected authorization to establish a Tourism Occupancy Tax)
 - Completely revamped the County's website and related initiatives in County wide mapping and Information Technology
 - In the financial area enhanced investment earnings, resolved several ongoing audit findings, adjusted a number of fees that benefit particular customers and engaged both Bond Counsel and Financial Advisory services, in addition to adopting pre-debt issuance Reimbursement Resolutions as needed, in preparation for major County Capital Improvement Projects (Schools and Jail/Law Enforcement Center in particular)
- Significantly enhanced the County's role in economic development by beginning water and sewer projects totaling approximately 7 million dollars and fully supporting several economic development initiatives now underway (both commercial and manufacturing/industrial)

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On the other hand, huge challenges are before us, including:

- A property tax base which has been in decline in recent years and currently shows extremely marginal growth
- In light of the above, devising a fiscal plan which minimizes as much as possible the realities of constructing both an adequate Jail/Law Enforcement Center, proceeding with constructing two new Middle Schools and attempts to enhance funding for our Public Schools current, academic and ongoing instruction needs
- Recognizes the value of our employees to deliver the multitude of County services as efficiently and effectively as possible
- Implements, in a phased approach, certain reorganizations of County operations to help enhance County services
- Accelerates, or begins anew, to prepare for the inevitable change that will face us in years (or in some cases months) to come whether in the areas of economic development, infrastructure, balancing rural versus urban interests, education, public safety, prudent fiscal management and health and human services

The Balanced Budget-the budget has been balanced calculating an overall value (Real/Personal property and Utilities, as well as Vehicles) at \$2,172,735,765, with a tax rate increase of 8 cents/per \$100 of value, from 68 cents to 76 cents. As a result (and applying a collection rate of 96% for Real/Personal and Utilities and 82% for Vehicles, resulting in a total levy for FY '07-'08 of \$17,227,028. Each 1 cent on the tax rate (up or down) will generate approximately \$226,672 collected revenues.

The proposed allocation of this additional 8 cents (which will also avoid unnecessary increases in future years and with an eye toward the 4 year revaluation cycle and utilizing several fiscal assumptions), as follows:

2 cents-the Jail/Law Enforcement Center (utilizing Certificates of Participation, COPS), with a 20 year term

5 cents-the Middle Schools (utilizing Certificates of Participation, COPS), with a 20 year term

1 cent-other needs, including Schools, minimizing transfers from General Fund Balance and supporting regular County operations

While any tax increase is not welcomed, there is sufficient empirical evidence to indicate Yadkin County (when measured against all other 99 North Carolina counties) is in the lower quartile of all 100 counties based on the combined tax burden, published in "By the Numbers: What Government Costs in North Carolina Cities and Counties", the Center for Local Innovation, the John Locke Foundation, February 2007 and school funding in general in data compiled by both the NCACC and the State Department of Public Instruction. While this data is understandable, it suggests (perhaps) a trend in taxing policy that requires careful consideration.

Of course, raising taxes is never a pleasant task for anyone, but it may be of some solace to note at least one of a number of observations about progress:

"All progress has resulted from people who took unpopular positions"

Adlai E. Stevenson (1900-1965). Speech, Princeton University (New Jersey), 22 March 1954

Accomplishing the above is critically contingent upon:

- A. Utilizing a reasonable amount of the County's Undesignated and Unrestricted General Fund Balance (which at the year ending June 30, 2006 approached 20%)
- B. Completely restructuring the financing for our Solid Waste Operations (Transfer Station and Convenience Sites) by implementing a \$60/year (\$5/month) per household fee, which will allow unlimited access to all of these facilities for regular bagged trash. This fee would be included on the upcoming tax bills (as a distinct item) and would end a pattern of appropriating an average of approximately \$350,000 each year from the General Fund and/or our Capital Reserve Fund to this Enterprise Fund type operation.
- C. Utilizing the restricted portions of some of the County's Sales Tax receipts Article 40 (30% restricted to school capital needs) and Article 42 (60% restricted to school capital needs), combined with projected Lottery Receipts and State Public School Building Capital Fund (ADM receipts) targeted toward school needs for both new construction (the Middle Schools) and a reasonable amount of ongoing and inevitable building maintenance and repair.

With regard to the additional property tax for each of our 10 Volunteer Fire Districts (2 by Special Election and 8 by previous Commissioner action) the additional tax is simply added for each of them in accordance with their request and values within each District.

Other Budget Highlights-While the overall budget is a complicated and interrelated financial and management document (which, if to be fully appreciated) must be viewed comprehensively, there are several proposals that bear particular scrutiny, as follows:

- Several reorganization proposals involving (to one degree or another) the Manager's Office, Budget and Finance, Emergency Management, EMS, the Fire Marshal's Office, Building Inspections, Public Health, Animal Control, Information Technology/DSS, 911 Addressing, GIS, the Tax Assessor's Office, Land Records and Solid Waste
- A minimum across the board 3% COLA for all full time and selected part time County employee groups. I have emphasized minimum, for several reasons, including A). A historical look, spanning the last 7 fiscal years indicates employees have lagged behind the Consumer Price Index by 5.6%, and B). To the extent the County is able to increase current expense appropriation for the schools we should carefully examine planned pay adjustments for our School System employees and one of the most important relationships we should work hard to strengthen. Special note: even with this adjustment I believe we have a variety of problems and concerns with the base compensation of certain employees, various groups of employees and the surrounding labor market for comparable positions. This is in addition to a very unstructured system of employee classification and related human resource issues.
- Addressing, in a very conservative and reasonable way, the need to provide adequate tools (whether vehicles or other equipment) to the County's work force to more fully utilize the talents and abilities they possess in service to Yadkin County
- The creation (or in some cases refilling) 8 positions throughout the County work force, as follows:
 - o 1 Assistant/Deputy Manager and/or Department Head position related to budget, various fiscal affairs and perhaps other duties (special projects, grantsmanship, etc.)
 - o 1 Public Health Nurse II position (related to increasing demands for a number of fundamental nursing and medical services)
 - o 1 DSS Social Worker position related to the dramatic increase in both typical and special need Foster Care placements (all by mandated Court Order)
 - o 1 Building Inspector position (related to both current and expected inspection mandates and the transfer of Fire Code inspections from the Fire Marshal's Office to the Building Inspections Department)
 - o 1 Clerical type position in Animal Control related to planned reorganization (under Public Health) and the utilization of volunteer assistants needed to rebuild relationships with organizations such as the Humane Society
 - o 1 IT position (funded in the DSS budget) for which the County is obligated due to an ending military assignment from a former employee
 - o 2 EMTs related to establishing a 5th EMS Outpost in the vicinity of the West Yadkin area on property the County already owns, which is currently a liability

Each of the above positions is related (both short term, mid term and long term) to enhancing County operations in a variety of ways. Obviously, individual examination of each proposal is in order, but available data indicates that with these additions the County's total overall work force is measurably below (on a per capita basis) counties both within our population group and in this region. I would note a number of other positions were proposed (5 in total) and while the need exists they are not included in my recommendations currently before you. I am confident that other requests were withheld which never reached me.

Summary-Every effort has been made to craft the proposed budget in recognition of multiple legal requirements, demonstrated need, value to our citizens and a host of other considerations. Without any question, the County's limited resources are significantly less than our needs and this proposed budget makes no claim to try and address all of our needs at one time, but to offer a starting point for discussions and final action as upcoming Fiscal Year 2007-08 approaches.

I would recommend that the Board take the following action:

- Receive this information, with the necessary back up, and promptly schedule intense reviews
- I would suggest your very first discussions should involve A). Reviews of the debt models for both the Middle Schools and the Jail/Law Enforcement Center and B). Reviews of the financing proposal related to Solid Waste and the \$60/year household access fee
- Schedule for Public Hearing at your June 18th Regular Meeting the "Proposed" budget, with understanding that these are recommendations for you to carefully consider
- Finally, identify additional dates where face-to-face meetings with various County Officers and Department Heads can meet with you, as well as me, to further examine what has been proposed and to request other information you believe would be of benefit. We are ready to fully assist you.

Conclusion-Again, let me commend all the staff for their diligent work in helping to develop these proposals and each of us stand ready and willing to help craft with your guidance the fiscal plan for upcoming Fiscal Year 200708 and in some cases beyond.

Respectfully submitted,

Eric M. Williams, Yadkin County Manager

Manager Williams applauded the Board for their accomplishments and forward-thinking. Manager Williams also outlined the challenges ahead.

Balanced Budget highlights include:

Tax Increase of .08 cents (from .68 cents to .76 cents)

- .02 Jail Construction
- .05 Middle School Construction
- .01 Other County Needs

A county of Yadkin's size should maintain a fund balance between \$18-\$22 million. Currently the county operates with a \$20 million fund balance. Manager Williams believed that a \$15 million fund balance was not unreasonable.

Solid Waste Restructure

Restructure of fees to include a flat rate of \$60.00 per year for all homeowners outside incorporated limits for bagged waste disposal is proposed. A similar process is already in place in neighboring counties. Households will be provided with a decal that will allow them unlimited access to the waste sites for bagged waste. Other conditions and consideration will be reviewed as part of the plan. Manager Williams provided a demonstration using a meal from McDonalds at a cost of \$6.00 stating that for the cost of 1 fast food meal per month, a family can have unlimited access to bag waste disposal.

Fire Tax Levy

The Fire Tax Levy for each district will remain unchanged per certain fire district requests and previous Board action.

Chair Phillips called for a break at 9:10. Meeting resumed at 9:19.

Additional Staff Needs

- 1 Deputy County Manager – specializing in finance and grant-writing
- 1 Public Health Nurse (previously in budget)
- 1 DSS Social Worker for Foster Care Unit
- 1 Building Inspector (includes reassignment of building code and fire inspections under one department)
- 1 Clerical position for Animal Shelter (includes reassignment of Animal Control to Public Health)
- 1 Information Technology position (reassigning an employee that had been on military leave)
- 2 EMT positions (includes establishment of an outpost in the West Yadkin area at a county-owned building)

Individual Department Requests for Positions

- 1 position in DSS
 - 1 position in Planning and Zoning
 - 2 positions in Fire Marshal's office
- Manager Williams did not include these requests in the budget proposal

Manager Williams recommended that the first step in the process should be discussions with 1st Southwest Financial to get a clear understanding of the debt models used. Manager Williams further suggested meeting with Solid Waste staff as these two items are critical to the overall budget. Department Head meetings should follow with a public hearing next in the process.

Some discussion followed. Commissioner Wooten felt school and jail needs could be met without a tax increase. Vice Chair Garner challenged Commissioner Wooten to provide the necessary documentation to meet the needs as he suggested.

Upon request by Commissioner Wagoner, Manager Williams explained that text back-up and individual department requests are recorded in a separate book for each Board member.

It was agreed that the Board should have ample time for review prior to a public hearing.

Commissioner Wooten made a motion to hold a public hearing on June 21, 2007 at 7:00pm. Second by Commissioner Wagoner.

Vote: 5/0

Upon further discussion, Vice Chair Garner stated he would not be available for a public hearing on June 21. **The prior motion was rescinded by motion of Commissioner Wooten and second by Commissioner Wagoner.**

Commissioner Wooten made a motion to hold a public hearing for budget issues on June 25, 2007 at 7:00pm. Commissioner Wagoner second.

Vote: 5/0

Commissioner Wooten had questions concerning a position that was filled in the Planning Department. Commissioner Wooten expressed concerns that the position description included grant writing but no grants had been submitted. Manager Williams responded that there had been such a high volume of activity in the Planning Department that the Department Head had been bound to other obligations.

Manager Williams suggested that all requests for additional budget documentation be sent directly to his office rather than individual departments.

The Board of Commissioners established the following schedule for continued budget evaluation:

MEETING SCHEDULE

PROPOSED YADKIN COUNTY BUDGET for FISCAL YEAR 2007-2008

Monday, June 4, 2007.....immediately following regular session
Meeting with Solid Waste staff

Monday, June 4, 2007.....6:30-8:30pm
Meeting with 1st Southwest Financial

Monday, June 11, 2007.....6:30-9:30pm
Meeting with Department Heads

Monday, June 18, 2007.....7:00pm-until
Regular Meeting

Wednesday, June 20, 2007.....6:30-9:30pm
If Needed

Thursday, June 21, 2007.....6:30-9:30pm
If Needed

Monday, June 25, 2007.....7:00pm-until
Public Hearing

Tuesday, June 26 – Saturday, June 30, 2007.....to be determined
If Needed

**Commissioner Wooten made a motion to adjourn. Commissioner Cornelius second.
Vote: 5/0**

Prepared and Approved by Clerk to the Board